

DEPARTMENT OF AGRICULTURE

FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Office of the Director	\$ 2,742,020	\$ 7,531,269	\$ 14,060,029	\$ 8,885,049
Division of Market Development	3,115,633	4,065,109	5,451,490	3,718,813
Division of Animal Health	3,487,414	4,138,618	5,337,160	4,205,764
Division of Grain Inspection and Warehousing	2,226,763	3,328,526	3,392,534	3,314,878
Division of Plant Industries	2,949,386	3,812,614	4,588,023	3,189,766
Division of Weights and Measures	2,948,104	3,041,616	4,101,571	3,523,854
Missouri State Fair	4,095,696	5,105,616	5,133,188	4,843,617
State Milk Board	1,739,857	2,031,815	2,215,848	2,096,618
DEPARTMENTAL TOTAL	\$ 23,304,873	\$ 33,055,183 *	\$ 44,279,843	\$ 33,778,359
General Revenue Fund	13,346,489	15,333,314	27,559,971	16,336,108
Federal Funds	799,298	1,656,235	3,074,684	3,142,521
Animal Health Laboratory Fee Fund	313,240	451,844	451,844	451,844
Animal Care Reserve Fund	291,375	417,983	401,648	322,235
Livestock Brands Fund	14,059	59,125	56,265	42,225
Commodity Council Merchandising Fund	167,189	176,212	178,360	176,212
Single-Purpose Animal Facilities				
Loan Program Fund	50,697	81,086	82,454	81,086
State Fair Fees Fund	3,227,488	4,196,817	4,131,817	4,201,817
Agricultural Product Utilization and Business				
Development Loan Program Fund	32	0	0	0
Aquaculture Marketing Development Fund	10,130	32,692	32,692	32,692
Livestock Sales and Markets Fees Fund	23,780	32,784	32,784	32,784
Apple Merchandising Fund	4,164	12,000	12,000	12,000
Livestock Dealer Law Enforcement and				
Administration Fund	8,641	12,389	29,965	12,389
Milk Inspection Fee Fund	1,391,224	1,661,041	1,771,487	1,762,343
Grain Inspection Fee Fund	1,220,700	2,403,984	2,459,830	2,251,940
State Contracted Manufacturing Dairy Plant				
Inspection and Grading Fee Fund	0	8,000	8,000	8,000
Petroleum Inspection Fund	1,620,079	1,715,624	2,226,935	2,150,388
Petroleum Violation Escrow Fund	0	2,450,000	0	1,000,000
Marketing Development Fund	620,074	743,593	790,925	788,237
Agriculture Bond Trustee Fund	0	135,000	135,000	135,000
Boll Weevil Suppression and Eradication Fund	0	683,304	60,456	60,456
Missouri Wine Marketing Fund	10,071	15,000	15,000	15,000
Agriculture Development Fund	178,410	737,156	727,726	723,082
State Institutions Gift Trust Fund	4,367	30,000	30,000	30,000
State Fair Trust Fund	3,366	10,000	10,000	10,000
Full-time equivalent employees	358.01	460.47	485.47	467.47

* Does not include \$736,633 federal funds recommended in Fiscal Year 2002 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Department of Agriculture supplemental appropriations.

DEPARTMENT OF AGRICULTURE

POLICY SUMMARY

The Department of Agriculture's mission is to serve, promote, and protect the agricultural producers, processors, and consumers of Missouri's food, fuel, and fiber products. Missouri's agri-business industry adds over \$17.5 billion annually to the state's economy. Due to low prices for both commodity grains and livestock, Missouri's net farm income declined almost 70 percent from 1997 to 1999 before improving in 2000. Despite scattered adverse weather conditions in 2000, Missouri had a record per acre yield in corn crops, which coincided with the opening of Missouri's first ethanol plant. Feeder cattle showed higher returns and produced excellent prices and dozens of value-added program products are under development. In 2001 Missouri's second ethanol plant opened in Holt County.

A weakened economy and considerable growth in mandatory programs like Medicaid has resulted in the most significant budget challenge the state has faced since the early 1990s. The Fiscal Year 2003 budget includes the deepest core reductions ever recommended by a Missouri governor. These core reductions are necessary to ensure a balanced budget while continuing to provide essential state services. There are relatively few general revenue fund increases recommended in the Fiscal Year 2003 budget, and those that are recommended focus on mandatory programs. Governor Holden's number one priority is to fully fund the foundation formula distributions to public schools.

Some measures of the health of Missouri's agricultural economy follow:

	1998	1999	2000
Missouri Net Farm Income (millions)	\$694.0	\$392.9	\$971.9
Cash receipts from the sale of Missouri agricultural products (billions)	\$4.721	\$4.122	\$4.725
Missouri livestock cash receipts (billions)	\$2.526	\$2.440	\$2.625
Missouri crop cash receipts (billions)	\$2.194	\$1.682	\$2.100
Value of Missouri agricultural exports (billions)	\$1.377	\$1.126	\$1.048

In 1999 landmark agricultural legislation was passed to address depressed farm prices. As demonstrated above, some improvement occurred in 2000 with increases in livestock and crop cash receipts as well as an increase in net farm income. Exports, however, have declined the last three years. Despite the improvements, it is clear that more needs to be done to ensure the health of Missouri agriculture. One of the best approaches to keeping agriculture strong in Missouri lies in adding value to traditional farm products.

HELPING FARMERS BECOME SMALL BUSINESS ENTERPRISES: The viability of Missouri's smaller farmers and rural communities are at risk if farmers do not have access to capital to seek new ventures which add value to agricultural products they produce. The Missouri Ethanol Producer Incentive Fund was authorized by Section 142.028, RSMo. Three hundred and eleven farmers in Macon, Missouri formed a cooperative to use their corn products for the production of ethanol. The Macon plant processes approximately 7.6 million bushels of corn to produce approximately 20 million gallons of ethanol per year. A second plant, located in Holt County, processes approximately 6.3 million bushels of corn to produce approximately 17 million gallons of ethanol per year. The two plants will process approximately 14 million bushels of corn to produce an estimated 37 million gallons of ethanol.

To help farmers add value to their commodities, the Governor recommends:

- \$4,892,546 for continued producer incentives for the Macon County ethanol plant and the Holt County ethanol plant.

PROTECTING THE PUBLIC: The animal agricultural industry accounts for more than half of the annual cash receipts of Missouri's agricultural producers. Infectious and contagious diseases cause \$3.3 billion in annual losses to the state's livestock producers. Some diseases can be transmitted directly to humans. The public is increasingly concerned with food safety. Focusing on reducing this loss and providing safer products, the Division of Animal Health will provide meat producers with additional meat inspections.

To build public confidence within the meat industry throughout the state, the Governor recommends:

- \$79,621 for staff to expand Missouri's State Meat Inspection Program to give small livestock and poultry producers access to markets that require inspection. This program adds value while assuring safe meat products for consumers.

DEPARTMENT OF AGRICULTURE

OFFICE OF THE DIRECTOR

The Office of the Director makes policy decisions on agricultural issues, sets the department's goals and priorities, and coordinates activities of the various divisions to achieve those goals. The Office of the Director includes administrative functions such as the fiscal office, support services, personnel, public affairs, data processing, and statistical services. The Office of the Director also includes the Executive Secretary of the Agriculture and Small Business Development Authority. The seven-member authority is empowered under Chapter 348, RSMo, to issue bonds to make loans to beginning farmers and small businessmen at below-market interest rates. The authority also administers the single-purpose Animal Facilities Loan Guarantee Program.

Fiscal Year 2003 Governor's Recommendations

- \$3,000,000 for production incentives for ethanol plants, including \$2,000,000 general revenue.
- \$1,182,176 federal funds and two staff and related expenses to enable the department to support activities that promote Missouri agriculture.
- \$79,500 federal funds and one staff and related expenses for a legal counsel and related expenses.
- \$1 federal funds on an open-ended basis to implement homeland security measures in Missouri.
- (\$2,811,940) other funds for one-time expenditures.
- (\$95,957) core reduction from the Fiscal Year 2002 appropriation level.

DIVISION OF MARKET DEVELOPMENT

The Division of Market Development operates the Domestic and International Marketing Program, the AgriMissouri Marketing Program, the Wine and Grape Program, and the Agriculture Development Program. The Domestic and International Marketing Program helps commodity groups promote Missouri agricultural products within the U.S. and throughout the world. Domestically, the program also operates a market price information network to help producers make better informed marketing decisions. Internationally, the program promotes Missouri agricultural products through economic development offices in Dusseldorf, Seoul, and Tokyo, and agricultural trade offices in Taiwan and Mexico. The AgriMissouri Marketing Program identifies and promotes Missouri-grown food and beverages. Examples include the use of an AgriMissouri logo on food products, the publication of an AgriMissouri Food Buyers Guide, and media advertising. The Wine and Grape Program promotes grapes, juice, and wine produced in Missouri using marketing development funds paid by Missouri grape and wine producers under Section 311.554, RSMo. The Agriculture Development Program administers a wide range of programs including student loans and scholarships, guarantees and interest rebates on FFA and 4-H loans, grants to FFA chapters and 4-H clubs, financial counseling and management assistance through MO FARMS, and low-interest horticulture loans.

Fiscal Year 2003 Governor's Recommendations

- \$44,644 other funds and one staff and related expenses to promote the Missouri Grape and Wine Program.
- (\$390,940) core reduction from the Fiscal Year 2002 appropriation level.

DEPARTMENT OF AGRICULTURE

DIVISION OF ANIMAL HEALTH

The Division of Animal Health implements regulations and programs to protect Missouri's livestock, poultry, and other domestic animals from dangerous, infectious, or contagious diseases. This includes enforcement of regulations as required under Section 267.230, RSMo, which gives the Director of the Department of Agriculture the authority to designate certain employees to intercept, stop, or detain for official inspection any vehicle carrying livestock in the state. Through control and elimination of diseases and diseased animals, the division enables Missouri's livestock and poultry to remain eligible for interstate and international export marketing. Diagnostic laboratories are maintained in Jefferson City, Cameron, and Springfield, and additional professional services are contracted for with the University of Missouri-Columbia College of Veterinary Medicine.

Fiscal Year 2003 Governor's Recommendations

- \$220,000 federal funds to maximize grant opportunities.
- \$79,621 federal funds and one staff and related expenses to enhance the State Meat Inspection Program.
- (\$157,463) and (two) staff core reduction from the Fiscal Year 2002 appropriation level.
- (\$75,012) federal funds core reduction for one-time expenditures.

DIVISION OF GRAIN INSPECTION AND WAREHOUSING

The Division of Grain Inspection and Warehousing performs two functions to assist Missouri grain farmers and agribusinesses. The Grain Regulatory Services Program enforces the provisions of the Grain Warehouse Law, Chapter 411, RSMo, and the Grain Dealers Law, Sections 276.401-276.581, RSMo, to ensure grain producers that licensed grain warehouses and grain dealers are reputable businesses in sound financial condition.

The Grain Inspection Services Program provides official inspection and weighing of grain upon request to assist both grain farmers and grain businesses in the marketing of Missouri's corn, soybean, wheat, and other grain crops. The program covers all costs of operation by charging fees for services performed which are deposited in the grain inspection fee fund. The division also administers the Commodity Council Merchandising and Apple Merchandising programs.

Fiscal Year 2003 Governor's Recommendations

- (\$13,648) core reduction from the Fiscal Year 2002 appropriation level.

DIVISION OF PLANT INDUSTRIES

The Division of Plant Industries operates five programs serving Missouri agriculture. The Feed and Seed Program performs sampling and laboratory analyses of crop seeds and commercial feeds to ensure that they meet requirements for accurate labeling. The Pesticide Control Program promotes the safe use of pesticides by licensing private and commercial applicators, conducting field inspections, and ensuring the proper registration of pesticides. The Plant Pest Control Program conducts inspections of nurseries, greenhouses, and other plant products to prevent the introduction and dissemination of insect, disease, and noxious weed pests which could be detrimental to plants and crops. The Forest Resources and Weed Control Program inspects treated wood products to ensure that minimum preservation standards are met and assists county weed control boards in the control and eradication of Johnson grass, a noxious weed. The Fresh Fruit and Vegetable Inspection Program performs shipping point and terminal market inspections of fresh produce to facilitate the sale of Missouri grown produce and ensure the quality of produce sold to consumers.

Fiscal Year 2003 Governor's Recommendations

- (\$622,848) other funds core reduction from the Fiscal Year 2002 appropriation level.

DEPARTMENT OF AGRICULTURE

DIVISION OF WEIGHTS AND MEASURES

The Division of Weights and Measures operates four programs and two laboratories to fulfill its goal of protecting consumers. The administration program processes all licenses, registrations, and fees collected. The Scale, Milk, and Egg Program inspects livestock market, grain elevator, highway vehicle, and small retail scales to ensure their accuracy. In addition, milk sales practices are monitored and shell eggs are inspected. Staff in the Petroleum/Propane/Anhydrous Ammonia Program protect consumers against inaccurate gasoline pumps and unsafe practices by the retailer; inspect public institutions, industry, mobile homes, and LPG-converted vehicles to save lives and property from gas explosions; approve propane gas dispenser meters to prevent overcharges on fuel bills; and oversee anhydrous ammonia fertilizer installations. The Moisture Meter Program protects Missouri farmers against unjustified discounts on grain sales due to inaccurate moisture content values.

The division's metrology laboratory certifies scale repair technicians; maintains all mass, volume, and length standards used by industry; and certifies all weight and measure devices used by the program inspectors. The petroleum laboratory performs chemical analyses of gasoline, diesel fuel, heating oil, and other fuels to ensure that quality specifications are met.

Fiscal Year 2003 Governor's Recommendations

- \$391,730 other funds for new and replacement equipment.
- \$128,908 other funds and two staff for the Oxygenate Labeling Program created by SB 462 (2001).
- (\$35,700) core reduction from the Fiscal Year 2002 appropriation level.
- (\$2,700) other funds for one-time expenditures.

DEPARTMENT OF AGRICULTURE

MISSOURI STATE FAIR

The Missouri State Fair is held annually in August on the state fairgrounds in Sedalia. The fair provides a showcase for livestock, agricultural products, commercial exhibits, and other displays. In addition, the fair offers a variety of entertainment and educational events. The fairgrounds also are available during the rest of the year for various types of exhibits, sales, meetings, and entertainment.

Fiscal Year 2003 Governor's Recommendations

- \$70,000 other funds to commemorate the State Fair's 100th anniversary.
- (\$266,999) core reduction from the Fiscal Year 2002 appropriation level.
- (\$65,000) other funds for one-time expenditures.

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	GOVERNOR RECOMMENDS FY 2003
State Fair Administration	\$ 3,926,228	\$ 4,910,821	\$ 4,843,617
Aid-To-Fairs Premiums	169,468	194,795	0
DIVISIONAL TOTAL	\$ 4,095,696	\$ 5,105,616	\$ 4,843,617
PERSONAL SERVICE			
General Revenue Fund	350,056	665,212	649,841
State Fair Fees Fund	917,995	874,743	874,743
EXPENSE AND EQUIPMENT			
General Revenue Fund	345,318	56,832	70,000
State Fair Fees Fund	2,286,946	3,238,085	3,173,085
State Fair Trust Fund	3,366	9,880	9,880
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	169,468	194,796	0
State Fair Fees Fund	22,547	65,948	65,948
State Fair Trust Fund	0	120	120
TOTAL	\$ 4,095,696	\$ 5,105,616	\$ 4,843,617
General Revenue Fund	864,842	916,840	719,841
State Fair Fees Fund	3,227,488	4,178,776	4,113,776
State Fair Trust Fund	3,366	10,000	10,000
Full-time equivalent employees	19.01	61.75	61.75

DEPARTMENT OF AGRICULTURE

STATE MILK BOARD

The State Milk Board oversees two programs to ensure that milk and milk products are safe for consumption. The State Milk Board contracts with one city and one county to provide sanitary inspections of Grade A milk. An inspection fee of five cents per one hundred pounds of Grade A milk is assessed and deposited in the milk inspection fee fund to cover all costs of the Grade A Program. Approximately one-half of all Grade A milk is consumed as fluid milk with the remainder used for manufacturing purposes.

The State Milk Board also is responsible for the Manufacturing Grade Milk Sanitation Program which enforces sanitation and quality standards for milk used only for manufacturing dairy products (such as cheese, butter, and ice cream). This program is funded from general revenue because inspection fees have not been assessed on manufacturing milk producers.

Fiscal Year 2003 Governor's Recommendations

- \$101,302 other funds and two staff and related expenses to enhance the Grade A Milk Farm Inspection Program.
- (\$36,499) core reduction from the Fiscal Year 2002 appropriation level.

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